

Davis Orders Phaseout of Gas Additive MTBE

By JENIFER WARREN, Times Staff Writer Los Angeles Times, March 26, 1999

SACRAMENTO--In one of the most highly anticipated decisions of his young administration, Gov. Gray Davis on Thursday declared the gasoline additive MTBE a threat to the environment and ordered that it be phased out in California. The move puts the state at the forefront of a growing movement against MTBE--which has contaminated drinking water wells in Santa Monica, Lake Tahoe and elsewhere--and heightens pressure for a nationwide ban.

Declaring that "a significant risk to California's environment exists" if the use of MTBE continues, Davis ordered that all gasoline in the state be free of the additive by the end of 2002. He added that the fuel industry should be "ready and willing to assist us in this effort" and challenged industry leaders "to step up to the plate and get this done before the deadline."

MTBE is a key component of "cleaner burning gasoline," which has been used in most of California's 24 million vehicles since 1996. Developed by the Arco oil company, it was first used as an octane booster to replace lead starting in 1979. Davis' order will require oil companies that spent \$5 billion on refinery modifications for MTBE in the early 1990s to retool their equipment yet again. The gradual elimination is intended to give the industry time to make such changes, and allow for the development of alternatives.

Davis called the slow phaseout a prudent approach that would protect air and water quality while minimizing the risk of a rise in gasoline prices. He called MTBE "by far the most complicated issue I've had to deal with" since his election in November. The delayed ban was praised by the oil industry, which had feared that pressure from grass-roots groups and state legislators would prompt Davis to outlaw MTBE immediately.

"We're very impressed by the governor's decision," said David Fogarty, spokesman for the Western States Petroleum Assn. "We applaud his recognition that an immediate ban on MTBE would have a devastating impact on California consumers and the economy." But Sen. Richard Mountjoy (R-Arcadia), a leading opponent of MTBE and an advocate of an immediate ban, expressed disappointment that Davis had taken the "cautious" route: "He's calling the shots," Mountjoy said. "His administration is responsible for it and we'll have to live with it." Marguerite Young, state director of the nonprofit group Clean Water Action, agreed that the timetable is too slow: "There should be a way to stop the damage being done," she said, especially in those communities "that have borne the brunt of the contamination." But Davis defended his decision as "an aggressive but responsible course of action that ensures the quality of our air, protects the quality of our water and minimizes any disruption in the availability of affordable fuel."

To help oil companies phase out MTBE, Davis will seek an immediate waiver from federal clean air rules requiring that gasoline contain smog fighting oxygenates such as MTBE. The waiver would not, however, exempt California from meeting clean air standards. The change mirrors a permanent exemption sought by U.S. Sen. Dianne Feinstein (D-Calif.), who wants to amend the federal Clean Air Act to allow California to avoid using oxygenates if it can meet air pollution standards without them. Davis called Feinstein on Thursday to tell her he supports her bill and will push for its passage.

Since the Clean Air Act was passed in 1990, states have been under pressure to crack down on auto emissions to reduce smog. One way to reduce emissions is to increase the oxygen content in gasoline, and MTBE quickly became seen as a silver bullet. The state Air Resources Board says that using MTBE in gasoline has had the same effect as removing 3 million to 4 million vehicles on state roads. Oil companies and sister corporations produce 20 billion pounds of it a year, making it one of the most common commercial chemicals in the nation. In California, the largest single market, MTBE accounts for 11% of the 30 million gallons of gasoline used each day. As MTBE grew in popularity, however, discoveries of the additive in lakes and underground drinking water wells multiplied.

MTBE typically enters the aquifer through leaking underground storage tanks, and pollutes lakes by entering the water from two-stroke engines such as those that power Jet Skis and other watercraft. Santa Monica, Santa Clara and South Lake Tahoe are among areas with drinking water wells contaminated by MTBE, and at least one study by researchers at the Lawrence Livermore National Laboratory concluded that more than 10,000 monitoring wells have been tainted by the compound since 1992.

The most visible MTBE battleground has been Lake Tahoe, where authorities have banned certain two-stroke engines. MTBE's effects on humans are poorly understood and may remain so for decades, some researchers say. But it has been shown to cause various forms of cancer in rats and mice, and a study by the Centers for Disease Control showed that acute exposure causes headache, nausea and dizziness. Legislation by Mountjoy in 1997 authorized a study of MTBE by the University of California. It also required the governor to determine whether MTBE is a health threat and take "appropriate action."

In the weeks preceding Davis' decision, lobbying over the controversial additive grew intense. MTBE manufacturers, among others, used the specter of dirtier air to rally opposition to a ban. On Wednesday, the Oxygenated Fuels Assn., which represents makers of MTBE, launched an advertising blitz on the issue, including full-page ads in the Los Angeles Times and the Sacramento Bee. If "special interests" succeeded in pressuring Davis to ban MTBE, the newspaper ad said, it would mean a return to "smog alerts and asthma attacks, brown skies and red eyes."

Its television ad--airing in the Los Angeles and Sacramento markets--was even more dramatic, featuring a shot of a child in a hospital emergency room, breathing with an inhaler. If MTBE is banned, a voice warns, "our air will be filled with more toxins and our emergency rooms will be filled" with kids. On Thursday, the group sponsoring the ads issued a statement applauding the governor's decision, saying it demonstrated a "commitment to protecting our fragile environment."

But Davis was in no mood for such praise. He lambasted the ads as "highly irresponsible, old-fashioned scare tactics" and suggested that the sponsors fire the advertising agencies that created the campaign. Davis said his decision, contained in an executive order, was based on a review of university studies, hearings by state regulators and scientific findings. In the order, Davis instructs the state Air Resources Board and the California Energy Commission to develop by July a timetable for a phaseout of MTBE. The order also requires the state Water Resources Control Board to determine which aquifers are most vulnerable to contamination and make ground water protection and cleanup a priority.

Still unresolved is how large a role ethanol will play as MTBE is phased out. In a letter last week, a dozen state legislators promoted ethanol as a viable alternative. It has been used extensively as a gasoline additive in the Midwest. Davis has expressed concern that the supply of ethanol is not adequate to meet California's needs if MTBE is abandoned.

But Eric Vaughn, president of the Renewable Fuels Assn., said existing plants and diversion from other markets could immediately produce 500 million gallons of ethanol in California. He added that California's rice straw, forest residue and agricultural waste products that can be converted to ethanol could vastly boost potential production. * * *

Times staff writer Bettina Boxall in Los Angeles contributed to this story.

Copyright 1999 Los Angeles Times. All Rights Reserved

Governor orders ban of controversial fuel additive by 2002

By JOHN HOWARD
Associated Press Writer

SACRAMENTO (AP) -- Gov. Gray Davis on Thursday banned the fuel additive MTBE, calling the controversial compound a "significant risk to California's environment" that must be eliminated by Dec. 31, 2002. The Democratic governor, acting two days before a deadline, ordered the chemical's removal to begin immediately. He urged the federal government to waive its requirement that California use oxygenates such as MTBE to cut air-pollution emissions, saying the state can meet federal clean-air rules without using them.

The move, he said, will have "no impact of any consequences on gas prices." Davis said his review of university studies, hearings by state regulators and scientific findings persuaded him that "there is, on balance, a significant risk to California's environment associated with the continued use of MTBE in gasoline." "MTBE should no longer be used in California gasoline and its removal should begin as soon as possible," he added. He called MTBE's fate "by far the most complicated issue I've had to deal with." Davis said the fuel industry should be "ready and willing to assist us in this effort, and I challenge the industry leaders to step up to the plate and get this done before the deadline."

Earlier, a spokesman for the major petroleum trade association, the Western States Petroleum Association, said his group favored a ban phased in over four years. Davis emphasized that he will not oversee how the industry eliminates MTBE, but simply order it done away with. MTBE, or methyl tertiary butyl ether, is an additive designed to make gasoline burn more completely. The compound, called an oxygenate, has long been viewed as potentially hazardous by environmentalists and even by some in the petroleum industry.

The decision, a major environmental and political move in the governor's fledgling administration, reflects a compromise between those who demanded an immediate ban -- some lawmakers and many environmentalists -- and the manufacturers of MTBE who sought to continue its use. Davis announced the decision after meeting with his top advisers.

He also said the proposed change in federal law to permanently waive the requirement that smoggy areas sell gasoline laced with oxygenates would "provide certainty to oil companies so that they can make any necessary modifications to the gasoline production and distribution system." The gradual phaseout also was intended to give the providers of alternatives to MTBE, such as ethanol, time to gear up production. Davis ordered state agencies to study the health effects of ethanol and other oxygenates and report back to him by Dec. 31.

In 1996, the federal government required MTBE to be added to gasoline sold in the nation's smoggiest urban areas. In California, that means in cities containing about 70 percent of the population. In those areas, MTBE comprises about 11 percent of each gallon of gasoline. MTBE is burned by most of California's 22.5 million cars and trucks, and 400,000 motorcycles.

The dispute over MTBE has become particularly acute in recreational areas where large numbers of personal watercraft such as Jet Skis and small boats, are common, many of them powered by two-stroke engines. According to scientists, up to 30 percent of the fuel in the Jet Skis' two-stroke engines is released unburned into the water. That is raising fears that MTBE may be making its way in significant amounts into the state's groundwater supplies. The most visible MTBE battleground has been Lake Tahoe, where authorities have banned certain two-stroke engines beginning this year. But the additive also has raised concerns across the state, where it has been traced to leaking underground tanks and discovered in wells.

One study by researchers at the Lawrence Livermore National Laboratory concluded that more than 10,000 sites have been contaminated by the compound since 1992. Environmentalists contend the health risks outweigh MTBE's importance as an air-pollution fighter.

The manufacturers of MTBE say the potential health hazards have not been resolved, and say that an immediate halt to its use would cost the petrochemical industry hundreds of millions of dollars. They also have taken out full-page newspaper ads saying California's air quality would be harmed if MTBE is banned.

The famously reserved Davis called the ads "highly irresponsible old-fashioned scare tactics," adding: "I recommend that they fire all the advertising agencies they've used in that (campaign). And I seriously recommend to their board of directors that they consider removal of their CEO."

Yet some refiners favor a ban. They fear the liability that comes with storage and transportation of MTBE, said Duane Bordvick, vice president of environmental and external affairs for Tosco Corp. "We decided in the long term that any short-term benefit from MTBE with regard to our gas blending would be offset by potential costs of dealing with water-quality issues, dealing with cleanup," Bordvick said. "The only sure solution is to remove it from our gasoline. That way we can make sure it doesn't get out into the environment."